

Department of the Interior



Service Contract Inventory Analysis Report Fiscal Year 2013

**Department of the Interior
Office of Acquisition and Property Management**

Executive Summary

Section 743 of Division C of the Fiscal Year 2010 Consolidated Appropriations Act, P.L. 111-117, requires civilian agencies to prepare an annual inventory of their service contracts and to analyze the inventory to determine if the mix of Federal employees and contractors is effective or to determine whether rebalancing is required. On November 25, 2014, the Administrator, Office of Procurement Policy (OFPP) issued an alert advising agencies to continue using prior years' guidance provided in OFPP Memoranda dated November 5, 2010 and December 19, 2011, to prepare their FY 2014 inventory. Additionally, the alert advised agencies shall include a supplement inventory with information collected from contractors for covered service contracts in accordance with Federal Acquisition Regulation Subpart 4.17 on the amount invoiced and direct labor hours expended beginning with the FY 2014 inventory. The alert advised agencies to use the prior years' guidance to analyze their FY 2013 data and submit a report suitable for public disclosure. Below is the Department of the Interior's (DOI) analysis of its FY 2013 Service Contract Inventory.

Analysis of FY 2013 Service Contract Inventory

a. Special interest functions studied at the agency and the dollars obligated to those specific product service codes (PSC).

The below table reflects the special interest functions DOI analyzed from its FY 2013 Service Contract Inventory. The list contains Information Technology Support Services and Professional and Management Services functional categories.

Department of the Interior FY 2013 Service Contract Inventory—Special Interest Functions			
PSC	Description of Function	Dollar Obligations	Number Contracts
D302	IT and Telecom Systems Development	\$15,182,030	27
D307	IT and Telecom-IT Strategy and Architecture	\$32,086,043	27
D310	IT and Telecom-Cyber Security/Data Backup	\$8,983,453	7
D399	IT and Telecom-Other IT and Telecommunications	\$97,424,677	95
R408	Support-Professional: Program Management/Support	\$61,422,496	64
R414	Systems Engineering Services	\$4,287,252	9
R421	Technical Assistance	\$2,644,473	10
R497	Support-Professional: Personal Services	\$932,930	6
R499	Support-Management: Other	\$154,794,132	412
R707	Support-Management: Contract/Procurement/Acquisition	\$7,977,212	24

b. The methodology used by the agency to support its analysis.

- The DOI Office of Acquisition and Property Management obtained data from the Federal Procurement Data System – Next Generation for DOI funded contracts exceeding \$25,000 to prepare its Service Contract Inventory. The inventory included contracts, purchase orders, and task orders.
- DOI targeted the PSCs for which had the highest obligations in its continued effort as a shared responsibility to reduce spending in those areas. DOI built on past efforts to promote collaboration between program managers, Chief Financial Officers, Human Resources, acquisition professionals, and the Chief Information Officer to identify redundancy in contracts awarded at the bureau level to pursue opportunities for consolidating contracts where feasible.
- The agency had previously established service contract inventory coordinators at the bureau level to assist in the analysis of the inventory at the operational level. DOI continued to collaborate with the bureau coordinators to analyze the data to identify areas where contracts can be eliminated or reduced.

c. Agency findings, including a brief discussion of the extent to which the desired outcomes described in section 743(e)(2) are being met, e.g. the agency is not using contractor employees to perform critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations.

Analysis of the service contract inventory provided a greater understanding of the extent of the work performed by contractors and insight to the contracts that might be suitable for consolidation in agency-wide contracts.

- A past initiative to develop and implement a standard questionnaire template to be used to assist each bureau with the analysis of their inventory provided a valuable tool for evaluating whether contracts involving critical functions were properly executed. The results of the inventory analysis determined that sufficient safeguards are in place to ensure that contracts are being performed properly with no risk of contractors performing inherently governmental functions or functions closely associated with inherently governmental activities resulting in no impairment to agency mission and operations.
- The work performed by Federal employees and contractors appears well balanced. Although, some mission activities continue to be heavily supported by contract services. The areas of information technology and program management support services will need to be monitored.
- The nature of DOI's mission requires contract support in several information technology areas including IT strategy and architecture, systems development, telecommunications, as well as in program management support, professional

engineering/technical, and other professional support services. These areas should be examined for possible opportunities for contract consolidation.

d. Actions taken or planned by the agency to address any identified weakness or challenges.

- DOI identified a need to establish a Reports Coordinator position to ensure the accuracy of reporting, provide consistency in agency-wide analysis, and advance the management of inventories to drive efficiencies. Steps were taken to obtain approval of this new position in last year's budget process. This position was filled in February 2015.
- DOI will continue its effort to identify opportunities to consolidate contract requirements to reduce duplication and increase savings. The analysis determined there are several categories suitable for further examination for possible contract consolidated. However, the agency is challenged with the loss of its Strategic Sourcing Initiatives (SSI) Program Manager due to attrition. Although a critical function, efforts to obtain budget approval to recruit for the vacancy have been unsuccessful. DOI has been covering the responsibilities using existing resources on a collateral basis as an immediate solution. An interim solution involves contracting for the services to perform the functions of the SSI Program Manager while long term plans include making a case to obtain budget authority to fill the position permanently with a Federal employee.
- The addition of the Reports Coordinator will allow the agency to begin to take steps to make better use of the service contract inventory as a management tool and consider identifying opportunities to conduct a pilot to evaluate and implement change to better manage inventories. Any pilot initiative will need to engage the SSI Program Manager and, depending on the category area, be coordinated with the Chief Information Officer, Bureau and Office Heads, or Human Resources.

e. Responsible Officials

1. The DOI senior agency official accountable for the development of agency policies, procedures, and training regarding the service contract inventory is James McCaffery, Deputy Director, Office of Acquisition and Property Management.
2. The DOI senior agency official responsible for the management of the service contract inventory process is Debra Sonderman, Director, Office of Acquisition and Property Management.